

3 March 2011

Hon. Eileen M. Daily
Chair
Finance, Revenue and Bonding Committee
Room 3700, Legislative Office Building
Hartford, CT 06106

finance@cga.ct.gov

Subject: Written Testimony Submitted in Opposition to HB 6387 and Section 29 (77) of Section 12-412 as proposed by SB1007.

Sen. Daily and members of the Committee,

I respectfully submit this written testimony in opposition of HB 6387 and SB 1007, which modifies Section 29 (77) of Section 12-412 of the Connecticut Code.

I serve as vice chair of the Connecticut Business Aviation Group, an organization that represents the interests of nearly 100 business and general aviation businesses— including the jobs supported by aviation activities – in the State of Connecticut. I am also Chief Commercial Officer of Gama Aviation, Inc based in Stratford, CT. Gama provides aircraft management, charter, and maintenance services worldwide from our CT headquarters. We employ nearly 50 skilled people in the state of CT and also have a base of operations in Teterboro, NJ. I reside in Farmington, CT.

I oppose both of these provisions because if enacted, aircraft owners will be forced to simply relocate their aircraft out of state to avoid the payment of these taxes – resulting in the loss of both jobs and revenue for the State. Particularly, HB 6387, which imposes a 2% property tax as well as the current registration fee will make Connecticut the most expensive state in the US in which to base an aircraft. The resulting relocation of aircraft will force our company and others in the state to relocate the associated jobs to other locations, such as our NJ facility in our case. Our experience in managing over 70 aircraft worldwide is that aircraft owners are particularly sensitive to the tax situation where they base their aircraft. In fact, Connecticut has historically benefited from these rational economic decisions as most of our clients have chosen to base their aircraft in Connecticut and to reposition them to surrounding states as needed for particular flights. This “safe harbor” status has resulted in not only our success in Connecticut but the success of countless other aviation businesses as well as the addition of many jobs. In fact Gama Aviation is in the process of completing the acquisition of a US headquarters building in Connecticut because of our growth and commitment to the state.

However, if the tax situation in Connecticut changes, it will force our clients to reconsider of the basing of aircraft in the State of Connecticut as the economic advantage of being here is lost. Our owners have performed the economic trade studies and the additional costs of basing at airports such as White Plains and Teterboro will be less than paying the proposed tax. The result will be that the aircraft will be located permanently at those busier airports, and we will be forced to move the high-paying technical jobs to those locations in New York, New Jersey, and Massachusetts.

In addition, our members of CT Business Aviation Group are concerned about the elimination of the sales tax exemption for labor on repairs of aircraft weighing less than 6000 lbs. For many of our members, much of their business growth has been as a result of aircraft owners from neighboring states bringing their aircraft to Connecticut for repairs because of the lower cost. If our cost advantage in this state is lost, by some estimates over 50% of the current economic activity of repair of general aviation aircraft will be lost to other states. The job loss to those states will be proportional as well.

The result of these tax provisions could mean the relocation of nearly 90% of all business aircraft currently in Connecticut to neighboring states, and the loss of over 50% of the general aviation

maintenance work performed in this state. These are not idle statistics, but have been proven time and again in state after state, including Maine, Massachusetts, Florida, Georgia, and others that have either increased the taxation of aviation assets and seen a loss of economic activity, or have decreased the cost of doing business and have reaped the rewards. In fact, Embraer, a major manufacturer of business aircraft reopened their facility at Bradley International Airport this week – a sign that aviation is just starting its long recovery. It is my hope that this committee will see the wisdom of maintaining a competitive economic environment in this state and will preserve the current tax situation for aircraft and reject both of these provisions.

Respectfully Submitted,

Scott E. Ashton